

Attorney Firm No. 43861

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, LAW DIVISION

ZARAGON HOLDINGS, INC., an
Illinois corporation,

Plaintiff,

V.

INDIAN HARBOR INSURANCE CO.,
a Connecticut corporation,

Defendant.

2007L013719
CALENDAR/ROOM Q
TIME 00:00
Breach of Contract

No.

(VERIFIED)
COMPLAINT AT LAW

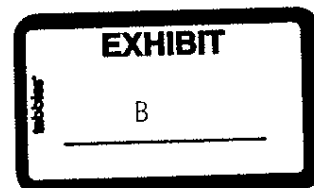
Plaintiff, Zaragon Holdings, Inc, an Illinois corporation ("Zaragon"), by its attorneys, Geleerd Law Group, LLC, for its Complaint at Law against Defendant, Indian Harbor Insurance Co., a Connecticut corporation ("Indian Harbor") alleges and states as follows:

COUNT I
(Property Damage)

A TRUE COPY, Attest,
Jon T. Gallup
State Marshal

1. At all times complained of herein, Defendant, Indian Harbor, was and still is a Connecticut corporation, organized under the laws of Connecticut, licensed in the State of Illinois to engage in the sale of insurance policies, doing business in the State of Illinois, and engaged, *inter alia*, in the business of underwriting and issuing insurance policies covering losses due to property damage.

2. Prior to September 23, 2006, Defendant, Indian Harbor, in consideration of premiums paid, issued and sold a policy of insurance ("the policy") to Zaragon for its subsidiary entity and beneficiary thereof & thereunder, namely Brahms Associates, LLC, an Illinois Limited Liability Company, the title owner of Regent Park Apartments, 9400 Hurstbourne Park Boulevard, Louisville, Kentucky, specifically the buildings at 9403, 9414 and 9419, covering for property damage sustained by its insured, Zaragon from incidents for related losses covering the period from August 15, 2006 to August 15, 2007. Said policy provided for property damage coverage in the amount of the loss. Pertinent provisions of the insurance policy are attached hereto and incorporated by reference herein and throughout as Exhibit "A".



3. At all times herein complained of, Plaintiff was a named beneficiary of the policy issued by Defendant, Indian Harbor.

4. On or about September 23, 2006 ("incident"), when the policy was in full force and effect, Plaintiff's property, specifically the buildings at 9403, 9414 and 9419 were damaged by driving rain that started on Friday, September 22, 2006 and ended late on Saturday, September 23, 2006.

5. That on the date of the incident, Plaintiff was a named beneficiary under the policy issued by Defendant, Indian Harbor. The limits of coverage for the loss claimed by Plaintiff for property damage sustained in the incident, under the Defendant, Indian Harbor's policy, were adequate and sufficient to provide for the loss.

6. Following the incident, Plaintiff made a claim for coverage with Defendant, Indian Harbor, in the amount of the actual damages sustained, the same being equal to the amount of the repairs and rehabilitation necessary to repair and restore the buildings at 9403, 9414 and 9419 following the loss sustained as a result of the incident, in accord with the insurance provision of the policy. Included in Plaintiff's demand to Defendant were Plaintiff's items of damages sustained for Defendant's consideration, a true and correct copy of Plaintiff's claim is attached hereto and incorporated by reference herein as Exhibit "B".

7. On December 5, 2006, Defendant, Indian Harbor, through its agent, U.S. Adjustment Corp, denied Plaintiff's Claim for coverage. A true and correct copy of the denial is attached hereto and incorporated herein as Exhibit "C."

8. As a direct and proximate result of Defendant's conduct herein, specifically, its refusal to pay Plaintiff's claim, Plaintiff's claim for insurance compensation has not been resolved.

9. That as a direct and proximate result of the wrongful acts or omissions on the part of Defendant, Plaintiff has become liable for large sums of money for repair and rehabilitation for it's buildings at 9403, 9414 and 9419, resulting in economic damages to the Plaintiff.

10. Plaintiff complied with its obligations pursuant to the policy of insurance with Defendant.

11. Plaintiff, pursuant to the policy of insurance is entitled to fair and just coverage for the property damages sustained.

WHEREFORE, Plaintiff, Zaragon Holdings, Inc, an Illinois corporation, by its attorneys, Geleerd Law Group, LLC, hereby demands judgment against Defendant, Indian Harbor Insurance Co., a Connecticut corporation, in an amount in excess of \$50,000.00 (Fifty thousand dollars), plus the costs of bringing this suit which its proofs will allow.

COUNT II
(Breach of Contract)

1. - 11. Plaintiff re-alleges and adopts paragraphs 1 through 11 of Count I as and for paragraphs 1 through 11 of Count II, as if fully set forth herein verbatim and further alleges as follows.

12. Plaintiff complied with all of the terms of the policy.

13. Defendant is contractually obligated to pay Plaintiff the full amount of its claim for Plaintiff's complained of loss.

14. Although timely requested to do so, Defendant failed and refused, and still fails and refuses, to pay Plaintiff the full amount of its loss.

15. Defendant breached its obligations under the terms of the policy by failing to pay Plaintiff the full amount of its claim for Plaintiff's complained of loss.

16. As a direct and proximate result of Defendant's breach of contract, Plaintiff's claim for insurance compensation has not been resolved and Plaintiff sustained damages.

17. There was in full force and effect at all times herein complained of a statute in the State of Illinois that provides in pertinent part as follows:

In any action by or against a company wherein there is in issue the liability of a company on a policy or policies of insurance or the amount of the loss payable thereunder, or for an unreasonable delay in settling a claim, and it appears to the court that such action or delay is vexatious and unreasonable, the court may allow as part of the taxable costs in the action reasonable attorney fees, other costs, plus an amount not to exceed any one of the following amounts:

- (a) 60% of the amount which the court or jury finds such party is entitled to recover against the company, exclusive of all costs;
- (b) \$60,000;
- (c) the excess of the amount which the court or jury finds such party is entitled to recover, exclusive of costs, over the amount, if any, which the company offered to pay in settlement of the claim prior to the action.

215 ILCS 5/155.

18. Defendant, despite its obligations to act in compliance with applicable Illinois law, violated Illinois law to the detriment of Plaintiff, as follows:

- a. Devised a system to avoid the proper investigation so it could adequately evaluate Plaintiff's claim;
- b. Knowingly failed to adequately perform the tasks of claim adjustment;
- c. Purposely delayed the claims process knowing its insured would be further damaged;
- d. Failed to adopt and implement reasonable standards for prompt investigation and resolution of Plaintiff's claim arising under the applicable insurance policy;
- e. Failed to attempt in good faith to effectuate a prompt, fair and equitable resolution of Plaintiff's claim submitted when the liability of the claim had been established;
- f. Compelled Plaintiff to institute a legal action to recover due amounts pursuant to and in accord with the policy;
- g. Unreasonably and vexatiously delayed and continues to delay the resolution of Plaintiff's claim;
- h. Unreasonably delayed and continues to delay Plaintiff's claim by refusing to fairly and properly negotiate the claim; and
- i. Otherwise violated Illinois to the damage and detriment of Plaintiff.

WHEREFORE, Plaintiff, Zaragon Holdings, Inc, an Illinois corporation, by its attorneys, Geleerd Law Group, LLC, hereby demands judgment against Defendant, Indian Harbor Insurance Co., a Connecticut corporation, in an amount in excess of \$50,000.00 (Fifty thousand dollars), plus the costs of bringing this suit which its proofs will allow, plus the statutory penalty, plus reasonable attorneys fees which its proofs will allow.

COUNT III
(Vexatious and Unreasonable Denial of Claim)

1. - 11. Plaintiff re-alleges and adopts paragraphs 1 through 11 of Count I as and for paragraphs 1 through 11 of Count III, as if fully set forth herein verbatim and further alleges as follows.

12. Defendant refused to pay the claim as made by Plaintiff.

13. Defendant wrongfully denied Plaintiff's valid claim under the applicable insurance policy, denied Plaintiff the benefits of the policy and delayed Plaintiff's claim.

14. The refusal by Defendant to pay Plaintiff the full amount of the loss and damages payable under the policy was and is vexatious and without reasonable cause in that Defendant:

- a. Refused to pay Plaintiff the sum due to Plaintiff consistent with accepted claims valuation practices and
- b. Failed to cover the loss in the absence of any justification and only in an effort to delay payment to Plaintiff.

15. There was in full force and effect at all times herein complained of herein a statute in the State of Illinois that provides in pertinent part as follows:

In any action by or against a company wherein there is in issue the liability of a company on a policy or policies of insurance or the amount of the loss payable thereunder, or for an unreasonable delay in settling a claim, and it appears to the court that such action or delay is vexatious and unreasonable, the court may allow as part of the taxable costs in the action reasonable attorney fees, other costs, plus an amount not to exceed any one of the following amounts:

- (a) 60% of the amount which the court or jury finds such party is entitled to recover against the company, exclusive of all costs;
- (b) \$60,000;
- (c) the excess of the amount which the court or jury finds such party is entitled to recover, exclusive of costs, over the amount, if any, which the company offered to pay in settlement of the claim prior to the action.

215 ILCS 5/155.

WHEREFORE, Plaintiff, Zaragon Holdings, Inc, an Illinois corporation, by its attorneys, Geleerd Law Group, LLC, hereby demands judgment against Defendant, Indian Harbor Insurance Co., a Connecticut corporation, in an amount in excess of \$50,000.00 (Fifty thousand dollars), plus the costs of bringing this suit which its proofs will allow, plus the statutory penalty, plus reasonable attorneys fees which its proofs will allow.

ZARAGON HOLDINGS, INC., an
Illinois corporation

GELEERD LAW GROUP, LLC

Guy Delson Geleerd, Jr.
GELEERD LAW GROUP, LLC
30 North LaSalle Street - Suite 3400
Chicago, Illinois 60602
Tel. 312-960-0007

VERIFICATION BY CERTIFICATION

Under penalties as provided by law pursuant to Section 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109, the undersigned, Lisa Miner, on behalf of ZARAGON HOLDINGS, INC., an Illinois corporation certifies that she has read the foregoing Verified Complaint at Law, and that the statements set forth therein are true and correct, except as to matters therein stated to be on information and belief, and, as to such matters, the undersigned certifies as aforesaid that he verily believes the same to be true.

Dated this 26th day of November, 2007.



Ms. Lisa Miner
Zaragon Holdings, Inc.

ATRUE COPY. Attest,
Jon T. Gallen
State Marshal

POLICY NUMBER MUST APPEAR ON ALL
CORRESPONDENCE

Policy Number

FCI 003 8380

This insurance has been placed with an insurer not licensed to transact business in the Commonwealth of Kentucky but eligible as a surplus line insurer. The Harbor Insurance Company is not a member of the Kentucky Insurance Guaranty Association. Should the insurer become insolvent, the protection and benefits of the Kentucky Insurance Guaranty Association are available.

Seaview Ave, Stamford, CT 06902

WKF&C Agency, Inc.
One Huntington Quadrangle
Suite 2C18
Melville, NY 11747

REVISED

NOTICE, THIS POLICY IS NOT PROTECTED BY THE CONNECTICUT INSURANCE GUARANTY ASSOCIATION.

POLICY PERIOD		At 12:01 A.M. Standard Time at your Mailing Address Shown Below.	RENEWAL OF NUMBER	Account Number
Effective Date	Expiration Date			
08/15/2006	08/15/2007		FCI 002 8478	

NAMED INSURED AND ADDRESS

Zaragon Holdings, Inc.
875 N. Michigan
Suite 3840
Chicago, IL 80611

PRODUCER NAME AND ADDRESS

Atlantic Specialty Lines-Midwest
1323 Bond Street
Suite 103
Naperville, IL 60563
Phone: 630-718-3500

BUSINESS DESCRIPTIONS:**APARTMENT BUILDING OPERATORS**

In return for the payment of the premium and subject to all the terms of this policy, the company indicated above agrees to provide the insurance stated in this policy.

PREMIUM SUMMARY:

This policy consists of the following coverage parts for which a premium is indicated. This premium may be subject to adjustment.

Commercial Property Coverage Non-Terrorism Part	\$69,169.00
Commercial Property Coverage Terrorism Part	\$6,017.00
Commercial Inland Marine Coverage Part	\$0.00
Commercial Crime Coverage Part	\$0.00
Commercial Auto Coverage Part	\$0.00
Garage Coverage Part	\$0.00

A Citizens Assessment equal to 6.84% applies to any Florida premium.

A fee of \$4.00 applies to the EMPA Trust Fund for all Florida Policies.

Policy Fee \$175.00

Surplus Lines Tax CT-571⁰² / KY-1059⁰¹
 Stamping Office Fee _____
 Fire Marshall Tax _____
 Policy Fee KY-929⁰²
 Miscellaneous KY-1111⁰⁴ / 24-3076⁰⁵
 Total 22,720.18

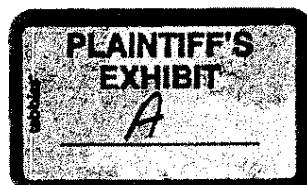
Minimum Earned % 25.00%
 TOTAL \$78,281.00

FORM(S) AND ENDORSEMENT(S) MADE A PART OF THIS POLICY AT TIME OF ISSUE*

Thomas Wilson

*Omits applicable forms and endorsements if shown in specific Coverage Part/Coverage Form Declarations.

Authorized Signature



COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

Policy No.: FCI 003 8380

Effective Date: 8/15/2006
12:01 A.M. Standard Time

NAMED INSURED: Zaragon Holdings, Inc.

DESCRIPTION OF PREMISES:

PREM/BLDG NO LOCATION, CONSTRUCTION AND OCCUPANCY

See Schedule attached

COVERAGES PROVIDED - Insurance at the described premises applies only for which a limit of insurance is shown

PREM/BLDG NO CODE COVERAGE LIMIT OF INSURANCE ACV/RC COVERED CAUSES OF LOSS COINSURANCE* RATES

See Schedule attached

*RC means Replacement Cost **Extra Expense Coverage, Limits on Loss Payment

OPTIONAL COVERAGES - Applicable only when entries are made in the schedule below

PREM/BLDG NO CODE COVERAGE LIMIT OF INSURANCE COVERED CAUSES OF LOSS COINSURANCE* RATES

PREM/BLDG NO MONTHLY LIMIT OF INDEMNITY (FRACTION) MAXIMUM PERIOD OF INDEMNITY (X) EXTENDED PERIOD OF INDEMNITY (DAYS)

*RC means Replacement Cost **Extra Expense Coverage, Limits on Loss Payment ***Applies To Business Income Only

MORTGAGE HOLDERS

PREM/BLDG NO MORTGAGE HOLDER NAME AND MAILING ADDRESS

See Schedule attached

DEDUCTIBLE: 10000

FORMS AND ENDORSEMENTS (other than applicable Forms and Endorsements shown elsewhere in the policy):

Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue: See Schedule attached

Coverage Exception
Applicable only to Specific
Premises/Coverages Prem No. Bldg. No. Coverages Form Numbers

PREMIUM

Minimum Premium for this Coverage Part: 25 %

Premium for this Coverage Part \$76,086.00

**Inclusion of Date Optional

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE
NAME OF THIS INSURED AND THE POLICY PERIOD

CF 15 00 06 03

LOCATION SCHEDULE

Named Insured: Zaragon Holdings, Inc.
 Policy Effective Date: 08/15/2006
 Policy Expiration Date: 08/15/2007

This endorsement effective: 12:01 AM 08/15/2006 forms a part of

Policy No: FCI003 8380

Loc. #	Bldg. #	Location Address	Coverage	Values	Covered Cause of Loss	Co-ins.	Valuation
1	1	3500 Beaver Place Road Lexington, KY 40503	CONTENTS	\$10,000.00	Special - Excluding Flood & Quake	NIL	RC
		Protection: None-n/a - n/a Class: Apartments Construction: Frame	REAL PROPERTY	\$14,730,000.00	Special - Excluding Flood & Quake	NIL	RC
			RENTAL VALUE	\$700,000.00	Special - Excluding Flood & Quake	NIL	ALS
2	1	9400 Hurstbourne Louisville, KY 40220	CONTENTS	\$25,000.00	Special - Excluding Flood & Quake	NIL	RC
		Protection: None-n/a - n/a Class: Apartments Construction: Frame	REAL PROPERTY	\$15,463,580.00	Special - Excluding Flood & Quake	NIL	RC
			RENTAL VALUE	\$2,200,000.00	Special - Excluding Flood & Quake	NIL	ALS
3	1	3751 Appian Way Lexington, KY 40517	CONTENTS	\$25,000.00	Special - Excluding Flood & Quake	NIL	RC
		Protection: None-n/a - n/a Class: Apartments Construction: Frame	REAL PROPERTY	\$17,687,315.00	Special - Excluding Flood & Quake	NIL	RC
			RENTAL VALUE	\$2,200,000.00	Special - Excluding Flood & Quake	NIL	ALS
4	1	One Russell Lane Middletown, CT 06457	CONTENTS	\$20,000.00	Special - Excluding Flood & Quake	NIL	RC
		Protection: None-n/a - n/a Class: Apartments Construction: Frame	REAL PROPERTY	\$9,090,000.00	Special - Excluding Flood & Quake	NIL	RC
			RENTAL VALUE	\$730,000.00	Special - Excluding Flood & Quake	NIL	ALS

IN WITNESS ENDORSEMENT

INDIAN HARBOR INSURANCE COMPANY

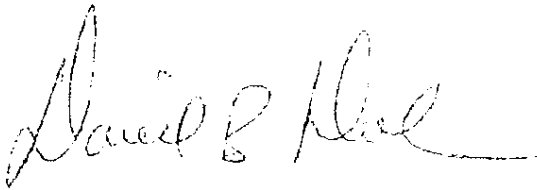
ADMINISTRATIVE OFFICE: SEAVIEW HOUSE
70 SEAVIEW AVENUE
STAMFORD, CT 06902 6040

STATUTORY HOME OFFICE: CT CORPORATION SYSTEMS
314 EAST THAYER AVENUE
BISMARCK, ND 58501-4018

It is hereby agreed and understood that the following In Witness Clause supercedes any and all other In Witness clauses in this policy.

All other provisions remain unchanged.

IN WITNESS WHEREOF, the Company has caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by a duly authorized representative of the Company.



David B. Duclos

ident

IL MP 9104 0305 IHIC



Kenneth P. Meagher

Secretary

Forms Schedule

Named Insured Zaragon Holdings, Inc.

Policy No: FCI 002 8479-

Indian Harbor Insurance Company

Form Name	Form Edition No
Asbestos Material Endorsement - Endt No. 3	Asbest.mat(f1 02/95)
Building & Personal Property Form	CP 0010(04/02)
Causes of Loss - Special Form (10/00 version)	CP 1030 (10/00)
Certain Computer Related Loss Exclusion	IL 0935 07 02
Commercial Property Condition	CP 0090 (07/88)
Common Policy Conditions	IL 0017 (11/98)
Deductible Endorsement - Endt No. 4	Deduct(f1 02/95)
Exclusion of Certified and Other Acts of Terrorism(Indian Harbor)	IL 09 61 (11/02)
Disclosure Pursuant to Terrorism Risk	IL 09 85 01 03
Indian Harbor - Service of Suit for Illinois	
Illinois Cancellation-Non Renewal	IL 0284 (10/00)
Illinois Changes	IL 0118 (03/99)
Locations Schedule	Locsched(f1) 8/9
Minimum Earned Premium - Endt No. 5	Minearn.pre(F1) 2/95
Mold Exclusion 6	
Occurrence Limit of Liability - Endt No. 1	Occliab(f1 02/95)
Pollution and Contamination Exclusion - Endt No. 2	Pollcont.exc(f1 02/95)
Supplemental Declarations Page	CF 150 (11/85)
Business Income without Extra Expense	CP 00 32 04 02

COMMERCIAL PROPERTY
CP 10 30 04 02

CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section F. – Definitions.

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section B., Exclusions; or
 2. Limited in Section C., Limitations;
- that follow.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in b.(1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168 hour period will constitute a single occurrence

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction or dered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises. Failure includes lack of sufficient capacity and reduction in supply.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply to the Business Income coverage or to Extra Expense coverage. Instead, the Special Exclusion in Paragraph B.4.a.(1) applies to these coverages.

f. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

But if Water, as described in g.(1) through g.(4) above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or
2. To the extent that coverage is provided in the Additional Coverage - Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions B.1.a. through B.1.h. apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

- a. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d.(1) Wear and tear;

- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

Wax
100%

- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.
- (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.
- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or
 - (2) You drain the equipment and shut off the supply if the heat is not maintained
- h. Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - (1) Acting alone or in collusion with others; or

- (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
 - j. Rain, snow, ice or sleet to personal property in the open.
 - k. Collapse, except as provided below in the Additional Coverage for Collapse. But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.
 - l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, l., does not apply to damage to glass caused by chemicals applied to the glass
 - m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance,
- of part or all of any property on or off the described premises

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused directly or indirectly by the failure of power or other utility service supplied to the described premises, however caused, if the failure occurs outside of a covered building. Failure includes lack of sufficient capacity and reduction in supply.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss resulting from that Covered Cause of Loss

- (2) Any loss caused by or resulting from:
 - (a) Damage or destruction of "finished stock"; or
 - (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

- (3) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (4) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

- (5) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration"
- (6) Any other consequential loss.

b. Leasehold Interest Coverage Form

- (1) Paragraph B.1.a. Ordinance Or Law, does not apply to insurance under this Coverage Form.
- (2) We will not pay for any loss caused by:
 - (a) Your cancelling the lease;
 - (b) The suspension, lapse or cancellation of any license; or
 - (c) Any other consequential loss.

c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:
 - (a) Paragraph B.1.a., Ordinance Or Law;
 - (b) Paragraph B.1.c., Governmental Action;
 - (c) Paragraph B.1.d., Nuclear Hazard;
 - (d) Paragraph B.1.e., Utility Services; and
 - (e) Paragraph B.1.f., War And Military Action.

- (2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
- c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

 - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income coverage or Extra Expense coverage.
- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
- f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
 - a. Animals, and then only if they are killed or their destruction is made necessary.
 - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken this restriction does not apply to:
 - (1) Glass; or
 - (2) Containers of property held for sale.
 - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

- (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income coverage or to Extra Expense coverage.
3. The special limit shown for each category, a. through d., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:
- a. \$2,500 for furs, fur garments and garments trimmed with fur.
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c. \$2,500 for patterns, dies, molds and forms.
 - d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, C.3., does not apply to Business Income coverage or to Extra Expense coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:
- a. Results in discharge of any substance from an automatic fire protection system; or
 - b. Is directly caused by freezing

However, this limitation does not apply to Business Income coverage or to Extra Expense coverage

D. Additional Coverage – Collapse

The term Covered Cause of Loss includes the Additional Coverage – Collapse as described and limited in D.1. through D.5. below.

1. With respect to buildings:

- a. Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose;
- b. A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse;
- c. A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building;
- d. A building that is standing or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

2. We will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if the collapse is caused by one or more of the following:

- a. The "specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Part;
- b. Decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- c. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- d. Weight of people or personal property;
- e. Weight of rain that collects on a roof;

- f. Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in 2.a. through 2.e., we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling or renovation, contributes to the collapse.

The criteria set forth in 1.a. through 1.d. do not limit the coverage otherwise provided under this Causes of Loss Form for the causes of loss listed in 2.a., 2.d. and 2.e.

3. With respect to the following property:

- a. Outdoor radio or television antennas (including satellite dishes) and their lead in wiring, masts or towers;
- b. Awnings, gutters and downspouts;
- c. Yard fixtures;
- d. Outdoor swimming pools;
- e. Fences;
- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

if the collapse is caused by a cause of loss listed in 2.b. through 2.f., we will pay for loss or damage to that property only if:

- a. Such loss or damage is a direct result of the collapse of a building insured under this Coverage Form; and
- b. The property is Covered Property under this Coverage Form.

4. If personal property abruptly falls down or caves in and such collapse is not the result of collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

- a. The collapse was caused by a Cause of Loss listed in 2.a. through 2.f. above;
- b. The personal property which collapses is inside a building; and
- c. The property which collapses is not of a kind listed in 3. above, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph 4. does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

Collapse of personal property does not mean cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

5. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.

E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in E.2. and E.6. only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

- a. A "specified cause of loss" other than fire or lightning; or
- b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

- a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
- b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus" wet or dry rot or bacteria; and
- c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under E.2. of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.
If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.
5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss Form or under the Additional Coverage - Collapse.
6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense coverage form.
 - a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
 - b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension, F.3., does not increase the Limit of Insurance.

G. Definitions

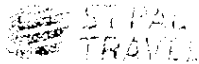
1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Specified Causes of Loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include
 - (1) The cost of filling sinkholes; or

- (2) Sinking or collapse of land into man-made underground cavities.

- b. Falling objects does not include loss or damage to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

- c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam



POLICY NUMBER: Y-630-561K5601-TCT-05

EFFECTIVE DATE: 08-15-05

ISSUE DATE: 08-26-05

LISTING OF FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS

THIS LISTING SHOWS THE NUMBER OF FORMS, SCHEDULES AND ENDORSEMENTS BY LINE OF BUSINESS.

IL T0 02 11 89	COMMON POLICY DECLARATIONS
IL T8 01 10 93	FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS
IL T3 18 01 04	COMMON POLICY CONDITIONS-DELUXE
IL T0 03 04 96	LOCATION SCHEDULE
IL T3 02 07 86	CALCULATION OF PREMIUM-COMPOSITE RATE(S)
IL T8 00	GENERAL PURPOSE ENDORSEMENT

DELUXE PROPERTY

DX T0 00 09 98	DELUXE PROPERTY COV PART DECLARATIONS
DX 00 01 07 94	MORTGAGEE HOLDER SCHEDULE
DX 00 04 03 98	TABLE OF CONTENTS - DELUXE PROP COV PART
DX T1 00 03 98	DELUXE PROPERTY COVERAGE FORM
DX T1 01 03 98	DELUXE BUSINESS INCOME COV FORM AND EE
DX T3 12 03 98	COINSURANCE - DIRECT DAMAGE
DX T3 41 03 98	PROTECTIVE SAFEGUARDS
DX T3 79 03 98	LOSS PAYABLE PROVISIONS
DX T4 02 10 04	TERRORISM RISK INS ACT 2002 DISCLOSURE
DX 00 13 10 00	OHIO CHANGES
DX 03 01 03 98	CT CHANGES
DX T3 97 04 02	FUNGUS, ROT, BACTERIA & OTHER CAUSES
DX T3 98 04 02	ELECTRONIC VANDALISM LIMITATION

COMMERCIAL GENERAL LIABILITY

CG T0 01 11 03	COML GENERAL LIABILITY COV PART DEC
CG T0 07 09 87	DECLARATIONS PREMIUM SCHEDULE
CG T0 08 11 03	KEY TO DECLARATIONS PREMIUM SCHEDULE
CG T0 34 11 03	TABLE OF CONTENTS
CG 00 01 10 01	COMMERCIAL GENERAL LIABILITY COV FORM
CG D2 55 11 03	AMENDMENT OF COVERAGE - POLLUTION
CG D2 83 11 03	LIMIT COVG-DESIGNATED PREMISES/PROJECT
CG D3 25 01 04	ADDITIONAL INSURED - MORTGAGEE, ASSIGNEE
CG 21 70 11 02	CAP ON LOSSES CERTIFIED ACTS TERRORISM
CG D0 37 01 04	OTHER INSURANCE ADDITIONAL INSURED
CG D1 86 11 03	XTEND ENDORSEMENT
CG D2 34 01 05	WEB XTEND - LIABILITY
CG D2 43 01 02	FUNGI OR BACTERIA EXCLUSION
CG D2 56 11 03	AMENDMENT OF COVERAGE
CG D2 88 11 03	EMPLOYMENT-RELATED PRACTICES EXCLUSION
CG D3 26 01 04	EXCLUSION-UNSOLICITED COMMUNICATIONS
CG D0 76 06 93	EXCLUSION-LEAD
CG D1 42 01 99	EXCLUSION-DISCRIMINATION
CG D2 42 01 02	EXCLUSION WAR

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DELUXE PROPERTY COVERAGE PART

The following indicates the contents of the principal Forms which may be attached to your policy. It contains no reference to the Declarations or Endorsements which also may be attached.

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on Page****DELUXE-PROPERTY COVERAGE FORM**

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DELUXE BUSINESS INCOME COVERAGE FORM (WITHOUT EXTRA EXPENSE)

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C. Limits of Insurance	5
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DELUXE EXTRA EXPENSE COVERAGE FORM

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DELUXE PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we" "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. REFER TO SECTION I.- DEFINITIONS.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss.

1. Covered Causes of Loss

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

Excluded in Section B. Exclusions;

Limited in Section C., Limitations; or

Excluded or limited in the Declarations or by endorsements.

2. Covered Property

Covered Property, as used in this Coverage Part, means the following types of property described in this section A.2., and limited in A.3., Property and Costs Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. **Building(s)**, means the designated buildings or structures at the premises described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Machinery and equipment permanently attached to the building;
- (4) Personal property owned by you that is used to maintain or service the buildings or structures or its grounds, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings;
 - (d) Lobby and hallway furnishings owned by you;
 - (e) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(f) Lawn maintenance and snow removal equipment; and

(g) Alarm systems.

(5) If not covered by other insurance:

(a) Alterations and repairs to the buildings or structures; and

(b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making alterations or repairs to the buildings or structures.

b. **Your Business Personal Property** located in or on the designated buildings at the premises described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises, consisting of the following unless otherwise specified on the Declarations:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the buildings or structures you occupy or lease but do not own; and
 - (b) you acquired or made at your expense, but are not permitted to remove; and



- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise insured under Personal Property of Others.

c. **Personal Property of Others** that is:

- (1) In your care, custody, or control; and
- (2) Located in or on the designated buildings at the premises described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

However, our payment for loss of or damage to Personal Property of Others will only be for the account of the owner of the property.

d. **Personal Property At Undescribed Premises** meaning Your Business Personal Property or Personal Property of Others that:

- (1) is at an "exhibition" including while in transit to and from the "exhibition" site;
- (2) is at any installation or temporary storage premises and your insurable interest continues until the installation is accepted; or
- (3) is at any other premises not described in the Declarations, which you do not own, lease or regularly operate.

This coverage does not include personal property in the care, custody or control of your sales representatives.

Coverage under d (1) "exhibitions" applies worldwide except within any country on which the United States government has imposed sanctions, embargoes or any other similar prohibition.

e. **Personal Property in Transit** meaning:

- (1) Your Business Personal Property, and
- (2) Personal Property of Others

while in transit and shipped by the type of conveyance stated in the Declarations

We will also pay for:

- (1) Any general average or salvage charges you incur as respects losses to waterborne shipments; and
- (2) Your interest in shipments sold Free On Board if you cannot collect the loss or damage from the consignee.

This coverage does not include:

- (1) Personal property in the care, custody or control of your sales representatives.
- (2) Shipments by a government postal service;
- (3) Export shipments after the earlier of the following:
 - (a) After placed on the export conveyance; or
 - (b) When coverage under an Ocean Marine or other insurance policy covering the property begins;
- (4) Import shipments before the earlier of the following:
 - (a) It is unloaded from the importing vessel or conveyance; or
 - (b) When coverage under an Ocean Marine or other insurance policy covering the property ends;
- (5) Property of others for which you are responsible while acting as a common or contract carrier, freight forwarder, freight consolidator, or freight broker.

f. **Sales Representative Property** meaning Your Business Personal Property and Personal Property of Others in the custody of any one of your sales representatives.

3. **Property and Costs Not Covered**

Unless the following property is added by endorsement to this Coverage Form, Covered Property does not include:

- a. Accounts and bills, except as provided in the Accounts Receivable Coverage Extension;
- b. Currency, deeds, food stamps or other evidences of debt, money, notes, checks, drafts, or securities (lottery tickets held for sale are not securities);

- c. Contraband or property in the course of illegal transportation or trade;
 - d. Water or land whether in its natural state or otherwise (including land on which the property is located), growing crops, or standing timber;
 - e. The cost of excavations, grading, backfilling or filling (except those costs made necessary due to repair of buildings insured under this policy from a Covered Cause of Loss), reclaiming or restoring land or water;
 - f. The cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Accounts Receivable and Valuable Papers Coverage Extensions;
 - g. "Fine arts", except as provided in the Personal Effects and Fine Arts Coverage Extensions;
 - h. Personal Property sold by you under an installment plan, conditional sale, trust agreement or other deferred payment plan after delivery to the purchasers;
 - i. Property that is covered under another coverage form or endorsement of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not, from that other insurance);
 - j. Vehicles or self-propelled machines that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises;
 - k. Aircraft or watercraft (other than watercraft owned by you while out of water at the described premises);
 - l. Animals or birds;
 - m. Automobiles held for sale;
 - n. Bulkheads, pilings, piers, wharves, docks, dikes or dams;
 - o. Underground tanks, pipes, flues, drains, tunnels whether or not connected to buildings, mines or mining property, and
 - p. The following property while outside of buildings:
 - (1) Bridges, roadways, walks, patios, or other paved surfaces;
 - (2) Retaining walls that are not part of the building described in the Declarations;
 - (3) Fences, trees, shrubs, plants or lawns (including fairways, greens and tees); or
 - (4) Harvested grain, hay, or straw or other crops.

except as provided in the Outdoor Property Coverage Extension.
- 4. Additional Coverages - Unless otherwise indicated in the Declarations, the following Additional Coverages apply:**
- a. **Debris Removal**
 - (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
 - This Additional Coverage does not apply to:
 - (a) Costs to extract "pollutants" from land or water; or
 - (b) Costs to remove, restore or replace polluted land or water.
 - (2) Payment for Debris Removal is included within the applicable Limit of Insurance shown in the Declarations. The most we will pay under this Additional Coverage is 25% of:
 - (a) The amount we pay for the direct physical loss of or damage to Covered Property; plus
 - (b) The deductible in this policy applicable to that loss or damage.

Unless otherwise stated in the Declarations when the debris removal expense exceeds the above 25% limitation or the sum of loss of or damage to Covered Property and the expense for removal of its debris exceed the applicable Limit of Insurance

we will pay an additional amount for debris removal expense up to \$250,000 in any one occurrence.

b. Pollutant Cleanup and Removal

We will pay your expense to extract "pollutants" from land or water at the premises described in the Declarations, if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from "specified causes of loss" which occurs:

1. On the described premises;
2. To Covered Property; and
3. During the policy period.

The expenses will be paid only if they are reported to us within 180 days of the date on which the covered loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage is \$100,000 for the sum of all covered expenses arising out of covered losses occurring during each separate 12 month period of this policy.

c. Preservation of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for:

- (1) Any direct physical loss or damage to this property:
 - (a) While it is being moved or while temporarily stored at another location; and
 - (b) Only if the loss or damage occurs within 180 days after the property is first moved; and

- (2) The cost to remove the property from the described premises.

Coverage will end when any of the following first occurs:

- (1) When the policy is amended to provide insurance at the new location,

- (2) The property is returned to the original location, or

- (3) This policy expires.

d. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay for your liability for any fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No deductible applies to this Additional Coverage.

e. Reward Coverage

We will reimburse you for reward(s) you have incurred leading to:

- (1) The successful return of undamaged stolen articles to a law enforcement agency; or
- (2) The arrest and conviction of any person(s) who have damaged or stolen any of your Covered Property

We will pay 25% of the covered loss (prior to the application of any applicable deductible and recovery of undamaged stolen articles) up to a maximum of \$25,000 for the payments of rewards you make. These reward payments must be documented. No deductible applies to this Additional Coverage.

f. Ordinance or Law Coverage

- (1) If a Covered Cause of Loss occurs to a Covered Building we will pay:

- (a) For loss or damage caused by the enforcement of any ordinance or law that:
 - i. Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
 - ii. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
 - iii. Is in force at the time of loss

- (b) When the Covered Building is insured for replacement cost, the increased cost to repair, rebuild or construct the property caused by enforcement of building, zoning or land use ordinance or law. If the property is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use ordinance or law.
- (c) The cost to demolish and clear the site of undamaged parts of the property caused by enforcement of the building, zoning or land use ordinance or law.
- (2) We will not pay under this coverage for loss due to any ordinance or law that
 - (a) You were required to comply with before the loss, even if the building was undamaged; and
 - (b) You failed to comply with.
- (3) We will not pay under this coverage for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"
- (4) We will not pay for increased construction costs under this coverage:
 - (a) Until the property is actually repaired or replaced, at the same location or elsewhere; and
 - (b) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed 2 years. We may extend this period in writing during the 2 years.
- (5) The most we will pay for increased construction cost under this coverage is the increased cost of construction of a building of the same size:
 - (a) At the same premises; and
 - (b) Limited to the minimum requirements of such law or ordinance

regulating the repair or reconstruction of the damaged property on the same site.

- (c) If the ordinance or law requires relocation to another premises, the cost at the new premises.

The most we will pay for loss under this Additional Coverage is \$250,000 in any one occurrence.

g. Fire-Protective Equipment Discharge

If fire protective equipment discharges accidentally or to control a Covered Cause of Loss we will pay your cost to:

- (1) refill or recharge the system with the extinguishing agents that were discharged; and
- (2) replace or repair faulty valves or controls which caused the discharge.

h. Expediting Expenses

In the event of covered loss or damage, we will pay for the reasonable and necessary additional expenses you incur to make temporary repairs, expedite permanent repairs, or expedite permanent replacement at the premises sustaining loss or damage. Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation. Expediting expenses do not include expenses you incur for the temporary rental of property or temporary replacement of damaged property.

The most we will pay under this Additional Coverage is \$25,000 in any one occurrence.

i. Overseas Business Travel

We will pay for direct physical loss or damage to business personal property while in the custody of any officer or employee of the insured while temporarily traveling outside of the United States of America (including its territories and possessions), Puerto Rico and Canada.

The most we will pay for loss under this Additional Coverage is \$25,000 in any one occurrence.

5. Coverage Extensions - Unless otherwise indicated in the Declarations, the following Coverage Extensions apply:

You may extend the insurance provided by this Coverage Form as follows:

a. Newly Constructed or Acquired Property

(1) Insurance applies to:

(a) Your new buildings or additions while being built on the described premises or newly acquired premises including materials, equipment, supplies and temporary structures, on or within 1,000 feet of the premises;

(b) Buildings you acquire at locations other than the described premises; and

(c) Buildings you are required to insure under a written contract.

The most we will pay for loss or damage under this Extension is \$2,000,000 at each building.

(2) You may extend the insurance for which a Limit of Insurance is stated in the Declarations that applies to Your Business Personal Property or to Personal Property of Others to apply to that type of property at a building you newly acquire.

(a) at a location described in the Declarations, and

(b) at any other location you acquire by purchase or lease

The most we will pay for loss or damage to Your Business Personal Property and Personal Property of Others under this Extension is \$1,000,000 in total at each newly acquired premises

(3) Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property;

(c) You report values to us; or

(d) The property is more specifically insured.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

b. Appurtenant Buildings and Structures

When this policy covers Building(s) you may extend the insurance that applies to your buildings ~~at the described premises~~ to apply to incidental appurtenant buildings and structures, including but not limited to, pump houses, signs, aboveground tanks, microwave or satellite dishes, which have not been specifically described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 in any one occurrence.

c. Personal Effects

You may extend the insurance that applies to Your Business Personal Property to apply to personal effects or "fine arts" owned by your officers, your partners or your employees.

Such property must be located on a premises described in the Declarations.

The most we will pay for loss or damage under this Extension is \$25,000 at each described premises. Our payment for loss of or damage to personal effects and "fine arts" will only be for the account of the owner of the property.

d. Valuable Papers and Records (Other Than Accounts Receivable)

You may extend the insurance that applies to Your Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records (other than accounts receivable), including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay in any one occurrence under this Extension is \$25,000 at all described premises and \$10,000 while in transit or at all undescrbed premises.

e. Claim Data Expense

You may extend the insurance provided by this Coverage Form to apply to the reasonable expenses you incur in preparing claim data when we require it. This includes the cost of taking inventories, making appraisals and preparing other documentation to show the extent of loss. The most we will pay for preparation of claim data under this Extension is \$25,000 in any one occurrence. We will not pay for any expenses incurred, directed, or billed by or payable to insurance adjusters or their associates or subsidiaries or any costs as provided in the Loss Condition-Appraisal.

f. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor property on the described premises, as follows:

Fences, retaining walls not part of a building, lawns (including fairways, greens and tees), trees, shrubs and plants, bridges, walks, roadways, patios or other paved surfaces for loss or damage by the following Causes of Loss:

- (a) Fire;
- (b) Lightning;
- (c) Explosion;
- (d) Riot or Civil Commotions; or
- (e) Aircraft.

The most we will pay under this Extension is \$25,000 in any one occurrence, regardless of the types or numbers of items lost or damaged in that occurrence.

g. Theft Damage to Rented Property

You may extend coverage for loss or damage by theft or attempted theft which applies to Your Business Personal Property to that part of a building you occupy and which contains:

- (1) Your covered personal property; or
- (2) Equipment within the building used for maintenance or service of the building.

We will not pay for loss or damage:

- (1) Caused by or resulting from fire or explosion; or
- (2) To glass or glass lettering.

This Extension applies only to a building where you are a tenant and are liable for such damage.

h. Water Damage, Other Liquids, Powder or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

- a. Results in discharge of any substance from an automatic fire protection system; or
- b. Is directly caused by freezing.

i. Accounts Receivable

You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to your accounts receivable records including those on electronic data processing media. Credit card company charge media will be considered accounts receivable until delivered to the credit card company.

(1) We will pay.

- (a) Amounts due from your customers that you are unable to collect because of loss or damage to your accounts receivable records;
- (b) Interest charges on any loan required to offset amounts you are unable to collect because of loss or damage to your accounts receivable records, pending our payment of these amounts;
- (c) Collection expenses in excess of your normal collection expenses

that are made necessary by the loss; and

- (d) Other reasonable expenses that you incur to re-establish your records of accounts receivable;
- (2) We will not pay for loss or damage under this Coverage Extension caused by or resulting from any of the following
 - (a) Bookkeeping, accounting or billing errors or omissions; or
 - (b) Electrical or magnetic injury, disturbance or erasure of electronic recording except as a result of direct loss caused by lightning.
- (3) We will not pay for loss or damage that requires an audit of records or any inventory computation to prove its factual existence
- (4) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss, the following method will be used:
 - (a) We will determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs;
 - (b) Adjust the total for any normal fluctuations in the amounts of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month; and
 - (c) The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (i) The amount of the accounts for which there is no loss;
 - (ii) The amount of the accounts that you are able to re-establish or collect;
 - (iii) An amount to allow for probable bad debts that you are normally unable to collect; and

(iv) All unearned interest and service charges.

The most we will pay in any one occurrence under this Extension is \$25,000 at all described premises and \$10,000 while in transit or at all undescribed premises.

j. Fine Arts

You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to "fine arts" at a premises described in the Declarations. The most we will pay under this Extension is \$50,000 in any one occurrence.

k. Personal Property At Undescribed Premises - Limited

This Extension only applies when a Limit of Insurance is not stated in the Declarations for the Personal Property At Undescribed Premises Coverage.

You may extend the insurance provided by this Coverage Form to apply to Your Business Personal Property that is at a location you do not own, lease or regularly operate. This Extension does not apply to:

- (1) Property in or on a vehicle;
- (2) Property at any fair or "exhibition";
- (3) Property at an installation premises, or
- (4) Property temporarily at a location for more than 90 consecutive days

The most we will pay for loss or damage under this Extension is \$10,000 in any one occurrence

l. Personal Property in Transit - Limited

This Extension only applies when a Limit of Insurance is not stated in the Declarations for the Personal Property in Transit Coverage.

- (1) You may extend the insurance provided by this Coverage Form to apply to Your Business Personal Property in transit more than 1,000 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

This Extension does not apply to property in the care, custody or con-

trol of your sales representatives or to tools, equipment, supplies and materials used for service or repair in your business.

- (2) Loss or damage must be caused by or result from one of the following causes of loss:

(a) Fire, lightning, explosion, wind-storm or hail, riot or civil commotion, or vandalism;

(b) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed; or

(c) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.

- (3) The most we will pay for loss or damage under this Extension is \$10,000 for the sum of all losses occurring during each separate 12 month period of this policy.

m. Extra Expense

You may extend the insurance provided by this Coverage Form to apply to the necessary and reasonable extra expense you incur to continue as nearly as possible your normal business operations following loss or damage to Covered Property at a premises described in the Declarations by a Covered Cause of Loss. The most we will pay under this Extension is \$10,000 in any one occurrence.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or

- (2) Requiring the tearing down of any property, including the cost of removing its debris;

except as provided in the Ordinance or Law Additional Coverage.

This exclusion, Ordinance or Law, applies whether the loss results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or

- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Any earth movement (other than "sinkhole collapse") whether natural or man made, including but not limited to earthquake, mine subsidence, landslide, or earth sinking, rising or shifting. But if earth movement results in fire, or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (2) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence. Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion does not apply to Property

- (1) In transit;
- (2) At "exhibitions";
- (3) In the care, custody or control of your sales representative; or
- (4) In the custody of any officer or employee of the insured while traveling outside the United States of America (including its territories and possessions), Puerto Rico and Canada.

c. Governmental Action

Seizure or destruction of property by orders of governmental authority except as provided for under the Additional Coverage - Ordinance or Law.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Form.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the loss or damage caused by that fire.

e. War and Military Action

- (1) War, including undeclared or civil war
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

f. Utility Services

The failure or fluctuation of power or other utility service supplied to the described premises, however caused, if the failure or fluctuation occurs away from the described premises.

But if the failure or fluctuation of power or other utility service results in a Covered

Cause of Loss, we will pay for the loss or damage caused by that Covered Cause or Loss.

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not,

- (2) Mudslide or mudflow;

- (3) Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings.

But if Water, as described in g. (1) through g.(3) above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

This exclusion does not apply to Property:

- (1) In transit;
- (2) At "exhibitions";
- (3) In the care, custody or control of your sales representatives; or
- (4) In the custody of any officer or employee of the insured while traveling outside the United States of America (including its territories and possessions), Puerto Rico and Canada.

h. Neglect

Neglect of an insured to use reasonable means to save and preserve property from further damage at and after the time of loss

i. Collapse of Buildings

Collapse of buildings or structures meaning an abrupt falling down or caving in of a building or substantial part of a building with the result being that the building or substantial part of a building cannot be occupied for its intended purpose

- (1) A building or part of a building:
- (a) That is in imminent danger of abruptly falling down or caving in, or

- (b) Suffers a substantial impairment of structural integrity;

is not considered a collapse but is considered to be in a state of imminent collapse.

- (2) However, we will pay for collapse of buildings or structures if caused only by one or more of the following:

- (a) Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects; weight of snow, ice or sleet; water damage, meaning accidental discharge of water or steam as the direct result of the breaking apart or cracking of a system or appliance containing water or steam;

- (b) Decay, insect or vermin damage that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;

- (c) Weight of people or personal property;

- (d) Weight of rain that collects on a roof; or

- (e) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling, or renovation is complete and is caused in part by a cause of loss listed in 1.i.(2)(a) through (d) above, we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling, or renovation, contributes to the collapse

If collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

j. Imminent Collapse of Buildings

As respects buildings or structures in a state of imminent collapse as defined in 1.i.(1)(a) and (b) above, we will not pay for loss or damage except if the state of imminent collapse has been caused only by one or more of the following which have occurred during the policy period.

- (1) Fire; lightning; explosion; windstorm or hail; riot or civil commotion; "sinkhole collapse"; weight of snow, ice or sleet;

- (2) Weight of people or personal property;

- (3) Weight of rain that collects on a roof; or

- (4) Use of defective material or methods in construction, remodeling or renovation if the state of imminent collapse occurs during the course of construction, remodeling or renovation.

2. We will not pay for loss or damage caused by or resulting from any of the following:

- a. Artificially generated electric current, including electric arcing, that disturbs electrical devices, equipment, appliances or wires unless caused by a "specified causes of loss"

But if artificially generated electric current results in fire, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.

- c. (1) Wear and tear;

- (2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

- (3) Settling, cracking, shrinking or expansion;

- (4) Nesting or infestation or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;

(5) Mechanical breakdown (including rupture or bursting caused by centrifugal force). This exclusion does not apply to resultant loss or damage by fire, building glass breakage or elevator collision.

(6) The following causes of loss to personal property:

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature.

(c) Changes in flavor, color, texture or finish; and

(d) Contamination.

But if an excluded cause of loss that is listed in 2.c.(1), 2.c.(2), 2.c.(3), 2.c.(4) and 2.c.(6) above results in a "specified causes of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified causes of loss" or building glass breakage.

d. Dishonest or criminal act by you, any of your partners, employees (including leased employees), directors, trustees, authorized representatives or anyone (other than a carrier for hire or bailee) to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction of Covered Property by your employees, but theft by employees is not covered.

e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control unless caused by a "specified causes of loss". But if explosion of steam boilers, steam pipes, steam engines, or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues

or passages through which the gases of combustion pass.

f. Rain, snow, sand, dust, ice or sleet to personal property in the open (other than to property in the custody of a carrier for hire).

g. The cost of correcting or making good the damage to personal property attributable to such property being processed, manufactured, tested or otherwise being worked upon.

h. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified causes of loss", we will pay for the loss or damage caused by that "specified causes of loss".

i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property.

But we will pay for loss to Covered Property under the Personal Property In Transit coverage which is caused by your acceptance, in good faith, of false bills of lading or shipping receipts.

3. We will not pay for loss or damage caused by or resulting from any of the following, but if an excluded cause of loss that is listed in 3.a through 3.c. below results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in B.1. above to produce the loss or damage.

b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body except as provided in the Ordinance or Law Additional Coverage.

c. Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

of part or all of any property on or off the described premises.

C. LIMITATIONS

The following limitations apply to all policy forms and endorsements unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

c. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

This limitation does not apply to property in the custody of a carrier for hire.

2. The special limit shown for each category, a. through c., is the total limit for loss of or damage to all property in each category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:

a. \$10,000 for furs, fur garments and garments trimmed with fur.

b. \$10,000 for jewelry, watches, watch movements, jewels, pearls, precious and

semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals, but;

(1) This limit is increased to \$50,000 for gold, silver, platinum, and other precious alloys or metals all used as a raw material in your manufacturing process; and

(2) This limit does not apply to jewelry and watches worth \$100 or less per item.

c. \$1,000 for stamps, tickets (including lottery tickets held for sale) and letters of credit.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

D. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the smallest applicable Limit of Insurance shown in the Declarations, Schedules, Coverage Form(s), or Endorsement(s).

Unless otherwise stated in the Declarations or in endorsements the limits applicable to the Additional Coverages and the Coverage Extensions are additional Limits of Insurance except for the following:

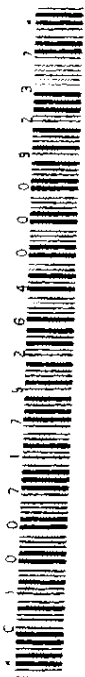
1. Preservation of Property, Fire Department Service Charge and Fire Protective Equipment Discharge Additional Coverages; and

2. Theft Damage To Rented Property and the Water, Other Liquids, Powder or Molten Material Damage Coverage Extensions.

E. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the applicable Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the applicable Deductible, up to the applicable Limit of Insurance.

Unless otherwise stated, if more than one deductible amount applies to the same loss or damage the most we will deduct is the largest applicable deductible.



F. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions – Deluxe

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will,

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties in the Event of Loss or Damage

- a. You must see that the following are done in the event of loss of or damage to Covered Property:

- (1) Notify the police if a law may have been broken
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when, and where the loss or damage occurred
- (4) Promptly make claim in writing against any other party which had custody of the Covered Property at the time of loss.
- (5) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any loss

or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

- (6) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

- (7) As often as may be reasonably required, permit us to inspect the property and records proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis and permit us to make copies from your books and records.

- (8) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

- (9) Cooperate with us in the investigation or settlement of the claim.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed

4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property subject to b. below;
- (3) Take all or any part of the property at an agreed or appraised value; or

- (4) Repair, rebuild, or replace the property with other property of like kind and quality subject to b. below.
- b. Except as provided in the Additional Coverage - Ordinance or Law, the cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owner's property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if
 - (1) You have complied with all of the terms of this Coverage Part; and
 - (2) We have reached agreement with you on the amount of loss or an appraisal award has been made.
- h. At our option, we may make a partial payment toward any claims, subject to the policy provisions and our normal adjustment process. To be considered for a partial claim payment, you must submit a partial sworn proof of loss with supporting documentation. Any applicable policy deductibles must be satisfied before any partial payments are made.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property

- a. We will pay.
 - (1) Recovery expenses; and
 - (2) Costs to repair the recovered property;
- b. But the amount we will pay will not exceed:
 - (1) The total of a.(1) and a.(2) above,
 - (2) The value of the recovered property, or
 - (3) The Limit of Insurance;
 whichever is less.

6. Pairs, Sets, or Parts

- a. In case of loss to any part of a pair or set we may at our option:
 - (1) Repair or replace any part to restore the pair or set to its value before the loss; or
 - (2) Pay the difference between the value of the pair or set before and after the loss
- b. Parts. In case of loss to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At replacement cost (without deduction for depreciation) as of the time of loss or damage, except as provided in b., c., d., e., f., g., h., i., j., k., l., m., n., o. and p. However, property will be valued at the actual cash value at the time of loss or damage until the property is repaired or replaced within a reasonable period of time. This restriction does not apply to losses less than \$10,000.
- b. If you decide to repair or rebuild buildings which have sustained loss or damage, our payment will include any reasonable and necessary architectural, engineering, consulting or supervisory fees incurred. This will not increase the applicable Limits of Insurance.

- c. Tenant's Improvements and Betterments at
- (1) Replacement cost (without deduction for depreciation) of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure
 - (3) Nothing if others pay for repairs or replacement
- d. Personal property you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- e. Personal property valuation includes the pro-rated value of non-refundable and non-transferable extended warranties, maintenance contracts or service contracts that you purchased, on lost or damaged personal property that you repair or replace
- f. "Stock" in process at the cost of raw material, labor, plus the proper proportion of overhead charges.
- g. Personal Property of Others at the amount for which you are liable, not to exceed the replacement cost.
- h. Glass at the cost of replacement with safety glazing material if required by law.
- i. Valuable Papers and Records, including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of
- (1) Blank material for reproducing the records; and
 - (2) Labor to transcribe or copy the records when there is a duplicate
- j. Works of arts, antiques or rare articles at the least of:
- (1) Market value at the time and place of loss;
 - (2) Cost of reasonably restoring that property; or
 - (3) Replacing that property with substantially the same property.
- k. Personal property at "exhibitions" at the lesser of replacement cost or the original cost to you.
- l. Patterns, dies, molds, and forms not in current usage at actual cash value. If loss is paid on an actual cash value basis, and within 24 months from the date of the loss you need to repair or replace one or more of them, we will pay you, subject to the conditions of this insurance, the difference between actual cash value and replacement cost for those patterns, molds and dies which are actually repaired or replaced.
- m. If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss and we take all or part of the property at an agreed or appraised value, we will pay:
- (1) Any expenses you incur to:
 - (a) Stamp the word 'Salvage' on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
 - (b) Remove the brands or labels, if doing so will not physically damage the merchandise. You must relabel the merchandise or its containers to comply with the law.
 - (2) Any reduction in the salvage value of the damaged merchandise with brand or label removed.
- n. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual

cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage

o. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2), or (3), subject to p. below:

(1) The Limit of Insurance applicable to the lost or damaged property;

(2) The cost to replace, at the same location, the lost or damaged property with other property,

(a) Of comparable material and quality, and

(b) Used for the same purpose; or

(3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

p. The cost to repair, rebuild, or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property, except as provided in the Additional Coverage - Ordinance or Law.

G. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions - Deluxe.

1. MortgageHolders

a. The term, mortgageholder, includes trustee.

b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear

c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure

d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

(1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

(2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

(1) The mortgageholder's right under the mortgage will be transferred to us to the extent of the amount we pay; and

(2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

f. If we can cancel this policy, we will give written notice to the mortgageholder at least:

(1) 10 days before the effective date of cancellation if we cancel for your non-payment of premium; or

(2) 60 days before the effective date of cancellation if we cancel for any other reason

g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 60 days before the expiration date of this policy.

2. Concealment, Misrepresentation or Fraud

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other Named Insured at any time, intentionally conceal or misrepresent a material fact concerning:

a. This Coverage Part;

b. The Covered Property;

- c. Your interest in the Covered Property; or
- d. A claim under this Coverage Part

3. Control of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

4. Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

- a. There has been full compliance with all of the terms of this Coverage Part; and
- b. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

5. Liberalization

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

6. No Benefit to Bailee

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

7. Other Insurance

- a. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
- b. If there is other insurance covering the same loss or damage, other than that described in a. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

8. Policy Period, Coverage Territory

Under this Coverage Part:

- a. We cover loss or damage commencing:
 - (1) During the policy period shown in the Declarations; and
 - (2) Within the coverage territory.
- b. The coverage territory is:
 - (1) The United States of America (including its territories and possessions);
 - (2) Puerto Rico; and
 - (3) Canada.

9. Transfer of Rights of Recovery Against Others to Us

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property
- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
 - (1) Someone insured by this insurance;
 - (2) A business firm:
 - (a) Owned or controlled by you; or
 - (b) That owns or controls you; or
 - (3) Your tenant

This will not restrict your insurance.

10. Unintentional Errors In Description

Your error in how you describe the address of a location in the Location Schedule shall not prejudice coverage afforded by this policy, provided such error is not intentional. Any such error shall be reported and corrected when discovered and appropriate premium charged.

H. OPTIONAL COVERAGES

If shown in the Declarations, the following Optional Coverages apply separately to each item

- 1. **Actual Cash Value** replaces Replacement Cost in the Loss Conditions - Valuation Provision of this Coverage Form.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance; times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08); times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example:

If: The applicable Limit of Insurance is:	\$100,000
The annual percentage increase is:	8%
The number of days since the beginning of the policy year (or last policy change) is:	146
The amount of the increase is: $\$100,000 \times .08 \times 146/365 =$	\$3,200

3. Manufacturers Selling Price Clause

The following is added to the Loss Conditions - VALUATION Provision:

We will determine the value of "finished stock" you manufacture, in the event of loss or damage, at

- a. The selling price, if no loss or damage occurred;
- b. Less discounts and expenses you otherwise would have had.

I. DEFINITIONS

1. "Exhibition" means the temporary display of personal property at a convention, exposition, trade show or similar event at a location you do not own or regularly occupy
2. "Fine Arts" means paintings, etchings, pictures, tapestries, art glass windows, valuable

rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass, bric-a-brac and similar property of rarity, historical value, or artistic merit.

3. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste and any unhealthful or hazardous building materials (including but not limited to asbestos and lead products or materials containing lead). Waste includes materials to be recycled, reconditioned or reclaimed.
4. "Sinkhole Collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite.

This cause of loss does not include:

- (1) The cost of filling sinkholes; or
- (2) Sinking or collapse of land into man made underground cavities.

5. "Specified Causes of Loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles, riot or civil commotion, vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action, falling objects; weight of snow, ice or sleet, water damage.

- a. Falling objects does not include loss or damage to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

- b. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

6. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

7. "Finished Stock" means stock you have manufactured.

"Finished Stock" also includes whiskey and alcoholic products being aged.

"Finished Stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Form.